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REMARKS

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Low Option
DC Chemo
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FROM: (Name, office symbol, room number, building, Agency/Post)	Room No.—Bldg.
Chief, Insurance Branch	915 Ames
	Phone No.

5041-102

☆ GPO : 1981 O - 341-529 (120)

OPTIONAL FORM 7-76
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19 January 1983

MEMORANDUM FOR THE RECORD

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FROM: [REDACTED]

Chief, Insurance Branch

SUBJECT: Meeting With Representatives From Mutual of Omaha
Regarding Low Option Benefit Plan

1. On 18 January 1983, the Chief and Deputy Chief, IB, met with Bob Murphy and Larry Keck of Mutual of Omaha to discuss the possibilities of a Low Option benefit package for the Association Benefit Plan. A number of areas were reviewed primarily involving adaptations/modifications from the existing benefit structure. These included a number of variables in such areas as catastrophic protection, inpatient hospitalization coverage, increased Major Medical deductibles, etc. Also discussed were various co-insurance options and decreased coverage for certain high cost Major Medical benefits (Mental and Nervous, etc.).

2. We pointed out to Bob and Larry that while we wanted to seriously consider low-option possibilities, we did not want to move in that area at the risk of jeopardizing our existing plan. This, of course, was their concern also and they pointed out that certain things would almost be inevitable in making such a change. We should, for instance, anticipate that all or the majority of policyholders eligible for Medicare would move to the low-option plan. This could not help but have a negative impact on the existing plan, since all benefits derived from Medicare coverage would shift to the low option. I told Bob these were the types of things we needed to know and wanted to put together as complete a package as possible which would present both the positive and negative aspects of what we were considering. He anticipated having cost data for the various options and supporting material available by 8 February. At that time, we can begin to formulate a benefits package for informal submission to OPM in line with our previous discussions with [REDACTED] Bob Murphy anticipates being in the D.C. area mid-February which would give us an opportunity to discuss possible proposals.

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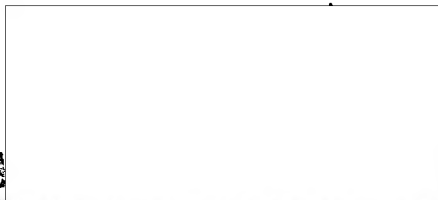
3. New Subject - Supplemental Hospitalization coverage. Bob advised, in answer to a previous question from us, that there would be a minimum participation requirement of 500 enrollees to establish such a plan.

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We could offer the plan, setting a deadline for implementation. If we don't reach 500, then no further action would be required other than returning money to those who did apply. I asked Bob to provide us with some data on what portion of the premium could be made available to us to cover the administrative fees for collecting premiums and settling claims which we in all likelihood would have to do. IB will now begin working on a study to project manpower and administrative requirements needed to develop and maintain such a program.

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